

FinancialQuotient

What is stamp duty?

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WHAT DOES IT MEAN?

An indirect tax, stamp duty imposes tax primarily on documents relating to the transfer of immovable properties and unlisted shares in Singapore. It is a tax burden ordinarily borne by the buyer and computed based on certain prescribed rates applied to the consideration or market value of the relevant asset, whichever is higher.

For shares, the stamp duty normally payable is calculated based on 0.2 per cent of the purchase price or the net asset value of the shares, whichever is higher. There is no stamp duty on the issuance of new shares as well as the purchase of shares listed on the Singapore Stock Exchange.

For immovable properties, the buyer's stamp duty (BSD) is levied at 1 per cent to 3 per cent on purchases of all properties.

With effect from Feb 20 last year, the top marginal BSD rate has been raised from 3 per cent to 4 per cent, but this is applicable only on the

value of residential properties in excess of \$1 million.

As a temporary property cooling measure, additional buyer's stamp duty ranging from 5 per cent to 30 per cent has been introduced for certain buyers of residential properties only.

Seller's stamp duty ranging from 4 per cent to 15 per cent has also been introduced for residential and industrial properties bought after certain prescribed dates and sold within a short period of three years or less.

WHY IS IT IMPORTANT?

Persons transacting with immovable properties and unlisted shares

A penalty of up to four times the duty payable may be imposed on documents that are unstamped, stamped late or insufficiently stamped.

should exercise due care to ascertain their exact stamp duty obligations, both for the buyer and the seller.

A document subject to stamp duty must be stamped within 14 days after signing the document if it is signed in Singapore; or within 30 days after receiving the document in Singapore if it is signed overseas.

Just like any other taxes, failure to pay stamp duty on time may lead to a penalty. A penalty of up to four times the duty payable may be imposed on documents that are unstamped, stamped late or insufficiently stamped.

IF YOU WANT TO USE THE TERM, JUST SAY:

Besides the purchase consideration, a buyer of an immovable residential property in Singapore needs to consider the buyer's stamp duty as well as any applicable additional buyer's stamp duty.

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